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Canada Bread Company, Limited file

ANNUAL REPORT FOR THE FISCAL YEAR ENDED JUNE 27, 1964



CANADA
BREAD
COMPANY,
LIMITED

HEAD OFFICE: 21 VINCENT STREET, TORONTO

DIRECTORS

HARRY N. BAWDEN
J. D. LEITCH
G. M. MACLACHLAN
H. B. MANNING
D. A. ROSS
C. E. SOWARD

OFFICERS

D. A. ROSS, President
N. T. CURRIE, Executive Vice-President
L. D. IRWIN, Secretary-Treasurer
—
F. BOGDEN, General Sales Manager
R. H. BONUS, Executive Assistant
J. R. CURRIE, Marketing Manager
—
B. R. CAMIRE, Chief Engineer
F. PAMENTER, Manager, Industrial Relations

AREA MANAGERS

F. N. FRANCIS, Toronto—L. S. DAVIES, Sales, Toronto
A. E. HAYWOOD, Sudbury
E. A. LEESON, London
A. McDOUGALL, Montreal
G. L. PROWSE, Ottawa
R. C. STEPHENS, Windsor

AUDITORS

CLARKSON, GORDON & CO., Toronto

REGISTRARS AND TRANSFER AGENTS

EASTERN & CHARTERED TRUST COMPANY,
Toronto, Montreal
MONTREAL TRUST COMPANY, Winnipeg

BOND TRUSTEE

EASTERN & CHARTERED TRUST COMPANY,
Toronto

DIRECTORS' ANNUAL REPORT

FOR THE
FISCAL YEAR
ENDED JUNE 27th,
1964.

TO THE SHAREHOLDERS OF CANADA BREAD COMPANY, LIMITED

I submit herewith the Annual Report of our Company, including subsidiaries, for the fifty-two weeks ended June 27th, 1964.

Our net profit of \$528,606 after providing depreciation of \$733,589 and income tax of \$607,000 shows a substantial gain from the previous year.

Sales show a very satisfactory increase. Our production plants are well equipped and efficiently operated. These factors made possible our increased earnings.

Fixed assets were disposed of realizing a profit to the Company of \$41,113. This amount has been shown in the statement of Consolidated Earned Surplus.

The return of profit to net sales continues to be unsatisfactory and does not provide the necessary dollars for expansion and diversification of our business.

On May 28th, 1964 your Directors declared a dividend of twenty-five cents per share to holders of Common shares, payable July 2nd, 1964. This declaration was based on results for eleven periods and anticipated results for the final two periods comprising our fiscal year.

Our prospects for the year to follow appear to be bright at this time. Labour costs will show sharp increases from the year ended June 27th, 1964 and will of necessity have to be offset by increased prices for the products that we manufacture.

We express our sincere appreciation to our fine group of employees for their efforts on the Company's behalf during the financial year recently ended.

Respectfully submitted,

Sept. 4, 1964.



PRESIDENT.

CONSOLIDATED BALANCE SHEET / CANADA BREAD CO

(with comparative figures at June 29, 1963)

ASSETS	1964	1963
Current:		
Cash - - - - -	\$ 748,274	\$ 866,146
Accounts receivable - - - - -	1,645,178	1,248,176
Inventories of ingredients, finished products and supplies, valued at the lower of cost or market - - - - -	1,265,681	1,179,363
Prepaid expenses - - - - -	215,683	198,510
Total current assets - - - - -	\$ 3,874,816	\$ 3,492,195
Investment in McGavin ToastMaster Limited (at cost):		
402,500 fully paid non-assessable non-voting Class A common shares without par value - - - - -	402,500	402,500
Non-interest-bearing promissory note due on or before March 1, 1970 -		15,167
	\$ 402,500	\$ 417,667
Mortgages and sundry assets - - - - -	103,331	116,681
Fixed:		
Land—cost - - - - -	361,477	319,295
Buildings—cost - - - - -	3,474,229	3,398,460
Bakery and other equipment—cost - - - - -	9,882,148	9,282,458
	\$13,717,854	\$13,000,213
Less accumulated depreciation - - - - -	6,851,001	6,229,880
	\$ 6,866,853	\$ 6,770,333
On behalf of the Board:		
D. A. ROSS, <i>Director</i>		
C. E. SOWARD, <i>Director</i>		
	<u>\$11,247,500</u>	<u>\$10,796,876</u>

(See accompanying notes to the financial statements)

AUDITOR

To the Shareholders of Canada Bread Company, Limited:

We have examined the consolidated balance sheet of Canada Bread Company, Limited and its subsidiary companies as at June 27, 1964. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary.

In our opinion the accompanying consolidated balance sheet and statements of consolidated profit and loss and earned surplus plus other reserves as at that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Toronto, Canada,
August 7, 1964.

COMPANY, LIMITED (INCORPORATED UNDER THE LAWS OF ONTARIO) AND ITS SUBSIDIARY COMPANIES

LIABILITIES

1964

1963

Current:

Bank loans and overdrafts (partly secured) - - - - -	\$ 729,477	\$ 712,219
Accounts payable, wages and other accrued charges - - - - -	1,373,647	1,383,100
Payable to affiliated company on current account - - - - -	516,270	409,151
Estimated income taxes payable - - - - -	313,424	224,967
Dividends payable - - - - -	95,328	50,327
Sinking fund instalment due within one year - - - - -	109,000	155,000
Current instalments of deferred liabilities - - - - -	132,100	40,609
Total current liabilities - - - - -	\$ 3,269,246	\$ 2,975,373
Deferred liabilities (note 2) - - - - -	757,000	968,000
Funded debt (note 3) - - - - -	1,617,500	1,807,500
Deferred income taxes - - - - -	774,000	688,000
Minority interest in subsidiary companies - - - - -	242,019	248,237
Shareholders' equity:		
Capital (note 4)—		
Authorized:		
50,000 preference shares with a par value of \$49 each, issuable in series		
1,000,000 common shares of no par value		
Issued:		
25,000 \$2.75 cumulative preference shares, Series A, redeemable at \$52.75 per share - - - -	1,225,000	1,225,000
300,000 common shares - - - - -	50,000	50,000
	\$ 1,275,000	\$ 1,275,000
Earned surplus - - - - -	3,312,735	2,834,766
	\$ 4,587,735	\$ 4,109,766
	<u>\$11,247,500</u>	<u>\$10,796,876</u>

(related financial statements)

REPORT

4 and the statements of consolidated profit and loss and earned surplus for the fifty-two week period ended on that date. Our examination considered necessary in the circumstances.

fairly the financial position of the companies as at June 27, 1964 and the results of their operations for the fifty-two week period ended

CLARKSON, GORDON & CO.
Chartered Accountants.

CANADA BREAD COMPANY, LIMITED

AND ITS SUBSIDIARY COMPANIES

Fifty-Two Week
Period Ended
JUNE 27, 1964

STATEMENT OF CONSOLIDATED PROFIT AND LOSS

(with comparative figures for the period ended June 29, 1963)

	1964	1963
Profit after providing for minority interest in profits of subsidiary companies but before the following— - - - -	\$2,144,167	\$1,600,492
Deduct (add):		
Depreciation - - - - -	\$ 733,589	\$ 728,324
Employees' pension plan contribution - - - - -	107,510	74,962
Interest on funded debt - - - - -	85,190	92,413
Interest on deferred liabilities - - - - -	79,338	58,167
Remuneration of directors as such - - - - -	10,500	11,125
Profit on purchase of sinking fund bonds - - - - -	(7,566)	(6,635)
	<u>\$1,008,561</u>	<u>\$ 958,356</u>
Profit for period before income taxes - - - - -	\$1,135,606	\$ 642,136
Income taxes (including \$138,000 deferred income taxes in 1964) - - -	607,000	387,500
Net profit for period - - - - -	<u>\$ 528,606</u>	<u>\$ 254,636</u>

Fifty-Two Week
Period Ended
JUNE 27, 1964

STATEMENT OF CONSOLIDATED EARNED SURPLUS

(with comparative figures for the period ended June 29, 1963)

	1964	1963
Balance, beginning of period - - - - -	\$2,834,766	\$2,831,385
Add:		
Net profit for period - - - - -	\$ 528,606	\$ 254,636
Adjustment of deferred income taxes, prior years - - - - -	52,000	
Profit on disposal of fixed assets - - - - -	41,113	
	<u>\$ 621,719</u>	<u>\$ 254,636</u>
Deduct:	<u>\$3,456,485</u>	<u>\$3,086,021</u>
Dividends—		
On 5% Class B preference shares - - - - -		\$ 15,625
On \$2.75 Series A preference shares - - - - -	\$ 68,750	51,563
On common shares (1964—25¢ per share; 1963—10¢ per share)	75,000	30,000
	<u>\$ 143,750</u>	<u>\$ 97,188</u>
Plan of arrangement of share capital expenses, less income taxes thereon -		25,810
Goodwill on purchase of subsidiary companies, trade names, etc. - - -		128,257
	<u>\$ 143,750</u>	<u>\$ 251,255</u>
Balance, end of period - - - - -	<u>\$3,312,735</u>	<u>\$2,834,766</u>

NOTES TO
THE CONSOLIDATED
FINANCIAL STATEMENTS

JUNE 27, 1964

1. The companies lease certain properties for annual rentals aggregating \$91,000 under long-term leases extending to various dates from 1976 to 1986.

2. Deferred liabilities:

Bank loans payable 1965-1968 - -	\$ 625,000
Mortgage payable, 6% due 1964-1967 - - - - -	62,000
Notes and loans payable, due 1964-1965 - - - - -	202,100
	<u>\$ 889,100</u>
Less current instalments included in current liabilities - - - - -	132,100
	<u><u>\$ 757,000</u></u>

3. Funded debt:

First mortgage bonds—

Authorized:

\$5,000,000 less \$1,631,000 re- deemed and cancelled - -	<u><u>\$3,369,000</u></u>
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Outstanding—Series A:

4¼% sinking fund bonds due 1967	\$1,619,000
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Less sinking fund instalment due within one year included in cur- rent liabilities - - - - -	109,000
	<u>\$1,510,000</u>

Series A 6% debentures of subsidiary companies due 1968-1970 - -	107,500
	<u><u>\$1,617,500</u></u>

4. Options have been granted during the year to certain officers and employees of the Company to purchase 8,450 common shares of the Company at a price of \$5 per share. These options which expire ten years after the granting thereof are exercisable each year to the extent of 10% of the total number of shares covered by the option and contain provisions for termination on cessation of employment. None was exercised during the year.

CANADA BREAD COMPANY, LIMITED

AND ITS SUBSIDIARY COMPANIES

FIVE YEAR COMPARISON

	1964	1963	1962	1961	1960
Operating Profit - - - - -	\$2,033,723	\$1,521,040	\$1,607,465	\$1,591,493	\$1,015,637
Depreciation - - - - -	733,589	728,324	626,742	640,383	624,324
Interest on long-term debt - - - -	164,528	150,580	143,090	153,336	144,448
Income taxes - - - - -	607,000	387,500	475,000	469,561	139,024
Net Profit - - - - -	528,606	254,636	362,633	328,213	107,841
Number of Common Shares outstanding - - - - -	300,000	300,000	200,000	200,000	200,000
Earnings per common share - -	1.53	.62	1.50	1.33	.23
Dividends declared per common share - - - - -	.25	.10	.10	.10	.10

